

ROUTING

**Top Secret** 219

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NATIONAL INTELLIGENCE DAILY CABLE

Thursday 26 October 1978

CG NIDC 78/250



**NATIONAL SECURITY INFORMATION**

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Approved For Release 2007/03/28 : CIA-RDP79T00975A030900010042-2

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National Intelligence Daily Cable for Thursday, 26 October 1978.

The NID Cable is for the purpose of informing senior US officials.

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ISRAEL: Current Negotiations

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*Despite the Israeli cabinet's approval with changes of the draft peace treaty with Egypt, popular concern over the negotiating process continues. Israeli popular reaction to US Assistant Secretary of State Saunders' Middle East visit has been sharp and overwhelmingly critical, reflecting uneasiness over the Camp David accords and US intentions. To dampen these anxieties, Prime Minister Begin has sought to reassure the public and his coalition partners that the current negotiations will not be rushed to a hasty conclusion.*

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Many Israelis remain distrustful of Egyptian President Sadat. They believe Israel has paid an exorbitant price for the accords and fear Sadat will renege on Egypt's treaty obligations once he has regained the Sinai.

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Even those who accept Sadat's sincerity bemoan what they see as asymmetry in the agreements--tangible land for an intangible peace--and fear that Israel has made peace with Sadat, not Egypt. They are worried about the durability of that peace once Sadat leaves the scene.

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Most Israelis also believe the US is not acting impartially. They are angry over what they perceive to be a US tilt toward the Arabs on such matters as the linkage of Israeli-Egyptian and Palestinian issues and the Jerusalem question, and indeed believe the US may be taking a harder line than Egypt on these issues.

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The Israeli press has been particularly critical of the substance of the US response to Jordanian King Hussein's questions and of the timing of Saunders' visit at a critical juncture in the negotiations with Egypt.

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To mollify critics, the Begin government has let it be known through press leaks that it has taken sharp exception to what Israel views as US efforts to encourage the Jordanians and West Bank residents to join the negotiations by giving the Camp David accords an interpretation not shared by Israeli leaders.

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Begin also stressed in an interview Tuesday that there is no need for haste in the current negotiations and that he does not expect a treaty to be concluded by 19 November. Begin's decision to hold an extensive debate in the cabinet this week, which lends an air of greater deliberation to

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the present negotiations, is probably intended in part to pacify coalition hardliners. Begin and the rest of the Israeli negotiating team have been roundly criticized within the ruling coalition for not consulting with the rest of the government before signing the accords reached at the Camp David summit.

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[ ] In the past few weeks, the Israeli military government on the West Bank has sequestered additional land that may be earmarked for "fleshing out" several existing settlements.

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[ ] Israeli authorities have set aside three locations comprising almost 2,000 acres, allegedly to prevent Arab villagers from building near Israeli military installations. Two of the parcels are near Israeli settlements, and the Arabs fear the third site may be used to relocate another Israeli settlement.

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[ ] Begin has been under considerable pressure within the governing coalition, particularly from Agriculture Minister Sharon and leaders of the youth faction of the National Religious Party, to "flesh out" existing West Bank settlements. They fear that Begin might succumb to US pressure and agree to extend the three-month freeze on new or expanded settlements on the West Bank. [ ]

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### IRAN: Settlement with Opposition

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*[redacted] //Iranian Prime Minister Sharif-Emami appears to have reached a tentative agreement with an important faction of the religious and political opposition that may be a first step toward a settlement of the political difficulties facing the Shah. A number of pitfalls, however, could wreck chances for restoring stability. Continuing civil unrest and widespread strikes suggest that the opposition leaders with whom the Prime Minister reached an accommodation may have difficulty in rein- ing in their followers.//*

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[ ] //A close confidant of Sharif-Emami briefed the US Embassy on Monday on the provisions of the agreement that was reached in sporadic meetings in the two months since Sharif-Emami formed his government. The Prime Minister accepted these key demands of religious leader Shariatmadari and moderate opposition politicians:

- The Shah will reign but not rule and will not interfere in the government's day-to-day business.
- The parliamentary election scheduled for next June will not be postponed.
- The press will have complete freedom.
- Members of the royal family will be prohibited from acquiring business interests.
- More religious materials are to be included in school textbooks.//

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[ ] //The government rejected demands for an immediate end to martial law, dissolution of parliament, and release of all political prisoners including terrorists. Emami insisted on an understanding that the Shah would continue to be in charge of the armed forces.//

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[ ] //The Shah is likely to have bridled at the proposed restrictions on his powers. Emami's reminder that the Shah would remain commander in chief makes it clear that the "reign but not rule" provision was accepted with reluctance. The Shah will probably insist on continuing to play a decision-making role on both military and nonmilitary issues, a position that is certain to draw fire from the opposition when, and if, it is given a role in the government.//

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[ ] //Divisiveness within opposition ranks also threatens the durability of the accord. Emissaries of the moderate opposition are trying to persuade extremist religious leader Khomeini, exiled in Paris, to drop his demand for the Shah's overthrow and accede to the accord. Their chances seem

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bleak in view of Khomeini's implacable opposition to any compromise with the Shah. The moderate opponents therefore will probably be forced either to formalize a split with the extremists or to repudiate the fragile accord with the government.

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PORTUGAL: Prime Minister Designate

*[redacted] Portugal's three democratic political parties have indicated that they can accept Carlos da Mota Pinto, the independent whom President Eanes named as prime minister - designate yesterday. Important factions in the Socialist and Social Democratic Parties are unenthusiastic about Mota Pinto, however, and he will have a difficult time persuading the parties to let their members serve in his government and to support his program. If he fails, an early election is almost inevitable. The President and the largest party--the Socialist--have so far avoided uncompromising attitudes, suggesting that Mota Pinto may be able to put together an acceptable government and program. Whether such a government can survive until the scheduled election in 1980 is still an open question.*

*[redacted] Eanes had wanted to reappoint the present acting Prime Minister, Nobre da Costa. Although Nobre da Costa failed to win legislative approval for his government last month, he and Eanes have worked well together and the President was impressed with his ability to make difficult decisions on economic matters despite his caretaker status. But the Socialists would not reverse their earlier rejection of Nobre da Costa.*

*[redacted] The Socialists, who recently had indicated they were willing to cooperate with the next prime minister, are now being slow to do so. Party leader Soares told Ambassador Bloomfield this week that the party would prefer not to hold ministerial positions but would consider lower level participation.*

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He emphasized that there are no prior agreements with the new government and that Mota Pinto must negotiate with the party. Other Socialists have said the party will want Mota Pinto's agreement to maintain economic policies instituted when Soares was prime minister and to protect Socialists' jobs in the bureaucracy.

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[ ] The rightist Social Democratic Party preferred Nobre da Costa as prime minister but went along with the choice of Mota Pinto at the urging of party moderates. Like Soares, party president Sa Carneiro apparently wants to avoid too close a link with Mota Pinto, a former party member. This may mean that he too will be reluctant to let his followers participate in the government.

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[ ] Of the other two parties, the Center Democratic Party had stated earlier that Mota Pinto was acceptable, and the Communists, who will not be asked to participate in the government, have remained cautiously silent.

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[ ] The desire of most politicians to avoid an early election would be the determining factor in parliamentary approval for the new government. An early election could foster prolonged political instability and extensive public criticism of the parties--which already receive much of the blame for Portugal's difficult economic situation. The same concern could secure support for the government in the months after it is confirmed.

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#### BRIEFS

##### Rhodesia

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[ ] The Presidents of the frontline African states--Zambian President Kaunda, Tanzanian President Nyerere, Mozambican President Machel, Botswanan President Khama, and Angolan President Neto--are planning to hold a summit meeting in Dar es Salaam this weekend. According to the US Embassy in Tanzania, all five are expected to attend, with the possible exception of Neto; Kaunda has informed Nyerere that he will arrive for the meeting tomorrow.

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25X1 [ ] The Presidents will review the situation in the wake of recent Rhodesian cross-border attacks into Zambia and Mozambique, as well as the status of Rhodesian settlement negotiations. Differences over how to deal with the Rhodesian problem, particularly between Kaunda and Nyerere, recently have threatened cooperation among the five leaders. [ ]

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#### Jamaica-International

25X1 [ ] //British Prime Minister Callaghan, during his recent meeting with West German Chancellor Schmidt, gave the impression that he was ready to attend the summit meeting in late December to which Jamaican Prime Minister Manley has invited President Carter. Schmidt has already agreed to attend, as have Canadian Prime Minister Trudeau, Australian Prime Minister Fraser, President Perez of Venezuela, Nigerian Head of State Obasanjo, and the leaders of some smaller countries.//

25X1 [ ] //Manley sees the meeting as an opportunity for participants from industrialized and developing nations to gain a better understanding of Third World perspectives on global economic problems. He also is trying to improve his domestic position, which is at its lowest point since he came to power in 1972. [ ]

#### USSR-Greece

25X1 [ ] //Soviet warships are making their first port visit to Greece in at least 40 years. A cruiser and a destroyer, led by Admiral Khovrin, the Commander in Chief of the Black Sea Fleet, began the six-day visit on Monday. Several Soviet naval support ships have visited Greek ports during the past year.//

25X1 [ ] //The current visit is part of an exchange agreement arranged earlier this year. Last month, Greek naval personnel were greeted warmly when two Greek destroyers visited Odessa. The Soviets have also gained access to Greek ports for merchant ships, and a Soviet ship recently was repaired at a Greek shipyard.//

25X1 [ ] //Turkey and the USSR have also arranged an exchange of warship visits. Soviet warships are reportedly scheduled to visit Istanbul in November; Turkish warships will call at Odessa afterward. [ ]

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Egypt

25X1 [ ] A Cairo court today will rule on an appeal by 16 Communists accused of antiregime activity; they are apparently part of a group arrested after the conclusion of the Camp David talks. The plotters, according to a Cairo newspaper, sought to overthrow President Sadat and had distributed pamphlets attacking his peace efforts with Israel.

25X1 [ ] Although Egyptian leftists and Communists oppose the Camp David accords and may be plotting against Sadat, we doubt that they pose a serious threat to his government. We have no evidence to tie the alleged plotters to any of the senior officials recently dismissed from the government.

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